

AMENDED IN SENATE APRIL 6, 2016

SENATE BILL

No. 1192

Introduced by Senator Hill

(Principal coauthors: Assembly Members Medina and Salas)

February 18, 2016

An act to amend ~~Section 94885~~ of Sections 94809, 94848, 94874.2, 94878, 94879, 94885, 94885.1, 94885.5, 94899, 94905, 94909, 94923, and 94944 of, to amend the heading of Article 14 (commencing with Section 94923) of Chapter 8 of Part 59 of Division 10 of Title 3 of, to add Sections 94922.5, 94923.5, and 94935.5 to, to add Chapter 8.1 (commencing with Section 94952) to Part 59 of Division 10 of Title 3 of, and to add and repeal Article 20.5 (commencing with Section 94949.5) to Chapter 8 of Part 59 of Division 10 of Title 3 of, the Education Code, relating to private postsecondary ~~education~~- education, and making an appropriation therefor.

LEGISLATIVE COUNSEL'S DIGEST

SB 1192, as amended, Hill. Private postsecondary education: California Private Postsecondary Education Act of 2009.

Existing law, the California Private Postsecondary Education Act of 2009, provides, among other things, for student protections and regulatory oversight of private postsecondary institutions in the state. The act is enforced by the Bureau for Private Postsecondary Education within the Department of Consumer Affairs. ~~The act requires, except as provided, institutions covered by the act that offer a degree to receive accreditation by an accreditation agency recognized by the United States Department of Education or have an accreditation plan, approved by the bureau, for the institution to become fully accredited within 5 years of the bureau's issuance of a provisional approval to operate to the~~

~~institution, as specified. The act exempts an institution from its provisions if any of a list of specific criteria are met. Existing law repeals the act on January 1, 2017.~~

This bill would recast and revise various provisions of the act. The bill would authorize bureau staff who, during an inspection of an institution, detect a violation of the act, or regulations adopted pursuant to the act, to issue the institution a citation before leaving the institution, as specified. The bill would require the Director of Consumer Affairs to appoint an enforcement monitor, no later than March 1, 2017, to, among other duties, monitor and evaluate the bureau's enforcement of the act and submit written reports to the department and the Legislature on his or her findings and conclusions, as specified. The bill would increase the amount of a fine that may be issued to a person for operating an institution without proper approval to operate from \$50,000 to \$100,000. The bill would, to the extent authorized by federal law, require a private postsecondary institution that does not maintain a physical presence in California and offers distance education to California students to register with the bureau and file a surety bond, as specified.

The act establishes the Student Tuition Recovery Fund and requires the bureau to adopt regulations governing the administration and maintenance of the fund, including requirements relating to assessments on students and student claims against the fund, and establishes that the moneys in this fund are continuously appropriated to the bureau for specified purposes.

This bill would make a California student of a Corinthian Colleges, Inc., institution, who meets all of the other eligibility requirements, eligible for recovery from the fund. To the extent that the bill expands the purposes of the fund, the bill would make an appropriation. The bill would establish the Office of Student Assistance and Relief, which would, among other duties, administer the fund, serve as a point of contact to address the needs of private postsecondary students, establish an Internet Web site that contains specified information for the benefit of these students, and work, in consultation with specified state and federal agencies, to determine the extent of resources available for these students and what actions state agencies need to take to ensure the protection of the public from the closure of private postsecondary educational institutions.

~~This bill would correct an inaccurate cross-reference in that provision relating to accreditation and would make other technical nonsubstantive changes.~~

Vote: majority. Appropriation: ~~no~~ yes. Fiscal committee: ~~no~~ yes. State-mandated local program: no.

The people of the State of California do enact as follows:

1 *SECTION 1. Section 94809 of the Education Code is amended*
2 *to read:*

3 94809. (a) An institution that had an application for an
4 approval to operate pending with the former Bureau for Private
5 Postsecondary and Vocational Education on June 30, 2007, may
6 continue to operate until a decision is made in regard to the
7 institution regarding the application for approval to operate, but
8 shall comply with, and is subject to, this chapter.

9 (b) An institution that did not have a valid approval to operate
10 issued by, and did not have an application for approval to operate
11 pending with, the former Bureau for Private Postsecondary and
12 Vocational Education on June 30, 2007, that began operations
13 between July 1, 2007, and January 1, 2010, may continue to operate
14 unless a denial of approval to operate has been issued and has
15 become final, but shall comply with, and is subject to, this chapter.

16 (c) Students seeking to enroll in institutions operating under
17 subdivisions (a) and (b) shall be notified by the institution, in
18 writing and prior to executing an enrollment agreement, that the
19 institution's application for approval to operate has not been
20 reviewed by the bureau.

21 (d) (1) An institution that is denied an approval to operate
22 pursuant to subdivision (a) or (b) may file an appeal pursuant to
23 the procedures established in Section 94888.

24 (2) An institution that has filed an appeal *pursuant to paragraph*
25 *(1)* may continue to operate during the appeal process but must
26 disclose in a written statement approved by the bureau, to all
27 current and prospective students, that the institution's application
28 for approval to operate was denied by the bureau because the
29 bureau determined the application did not satisfy the requirements
30 to operate in California, that the institution is appealing the
31 bureau's decision, and that the loss of the appeal may result in the
32 institution's closure.

(3) If the bureau determines that the continued operation of an institution poses a significant risk of harm to students, the bureau shall make an emergency decision pursuant to Section 94938.

SEC. 2. Section 94848 of the Education Code is amended to read:

94848. “Licensure” includes any license, certificate, permit, or similar credential that a person must hold to lawfully engage in a profession, occupation, trade, or career field. “*Licensure*” shall also include required certification or registration that a person must hold to lawfully engage in a profession, occupation, trade, or career field.

SEC. 3. Section 94874.2 of the Education Code is amended to read:

94874.2. Beginning January 1, 2016, an institution that is approved to participate in veterans’ financial aid programs pursuant to Section 21.4253 of Title 38 of the Code of Federal Regulations that is not an independent institution of higher education, as defined in subdivision (b) of Section 66010, ~~may not claim an exemption from this chapter.~~ shall not be exempt from this chapter.

SEC. 4. Section 94878 of the Education Code is amended to read:

94878. (a) The bureau shall establish an Internet Web site that includes at least all of the following information:

(1) An explanation of the bureau’s scope of authority.

(2) (A) A directory of approved institutions, and a link, if feasible, to the Internet Web site of each institution.

(B) For each institution, the directory shall be developed in a manner that allows the user to search by institution and shall include all of the following information:

(i) The status of the institution’s approval to operate.

(ii) The information provided by the institutions, including, but not limited to, the annual report, as required by Section 94934, including the school catalog and the School Performance Fact Sheet. The School Performance Fact Sheet shall be maintained on the directory for at least five years after the date of its submission to the bureau.

(iii) If a law school satisfies the requirements of this chapter regarding a School Performance Fact Sheet by complying with the requirements of Section 94910.5, the bureau shall include the information provided by the institution pursuant to Section 94910.5

1 on its Internet Web site and shall maintain the information in the
2 same manner as required by clause (ii).

3 (iv) The disciplinary history of the institution, which shall
4 include, but shall not be limited to, all of the following:

5 (I) Pending formal accusations filed by the bureau.

6 (II) Suspensions, revocations, citations, fines, infractions,
7 probations, pending litigation filed by the bureau, and final
8 judgments resulting from litigation filed by the bureau.

9 (III) Pending or final civil or criminal cases filed by the Attorney
10 General, a city attorney, or a district attorney in this state, or filed
11 in any state by an attorney general or a federal regulatory or
12 prosecutorial agency ~~if the case would be actionable under~~
13 ~~California or federal law~~, of which the bureau has received notice.

14 (IV) Final administrative actions by the United States
15 Department of Education, including orders requiring restitution to
16 students.

17 (V) All disciplinary actions ordered by an accreditation agency,
18 including any order to show cause, of which the bureau has
19 received notice pursuant to Section 94934 or other information
20 otherwise publicly available of which the bureau has received
21 notice.

22 (b) The bureau shall maintain the Internet Web site described
23 in subdivision (a). The bureau shall ensure that the information
24 specified in subdivision (a) is kept current. The bureau shall update
25 the Internet Web site at least annually, to coincide with the
26 submission of annual reports by the institutions pursuant to Section
27 94934.

28 (c) (1) The bureau shall post on its Internet Web site a list of
29 all institutions that were denied approval to operate, after the denial
30 is final, and describe in clear and conspicuous language the reason
31 the institution was denied approval. The bureau shall include with
32 this list the statement provided in paragraph (2) on its Internet Web
33 site.

34 (2) “The following institutions were denied approval to operate
35 by the Bureau for Private Postsecondary Education for failing to
36 satisfy the standards relating to educational quality, or consumer
37 protection, or both. These unlicensed institutions are not operating
38 in compliance with the law, and students are strongly discouraged
39 from attending these institutions.”

1 *SEC. 5. Section 94879 of the Education Code is amended to*
2 *read:*

3 94879. The bureau shall conduct an outreach program to
4 secondary school ~~pupils~~ *students* as well as prospective and current
5 private postsecondary students, to provide them with information
6 on how to best select a private postsecondary institution, how to
7 enter into enrollment agreements, how to make informed decisions
8 in the private postsecondary education marketplace, and how to
9 contact the bureau for assistance. The bureau may accomplish the
10 purposes of this section in cooperation with other federal, state,
11 or local entities, or any combination of these entities.

12 *SEC. 6. Section 94885 of the Education Code is amended to*
13 *read:*

14 94885. (a) The bureau shall adopt by regulation minimum
15 operating standards for an institution that shall reasonably ensure
16 that all of the following occur:

17 (1) The content of each educational program can achieve its
18 stated objective.

19 (2) The institution maintains specific written standards for
20 student admissions for each educational program and those
21 standards are related to the particular educational program.

22 (3) The facilities, instructional equipment, and materials are
23 sufficient to enable students to achieve the educational program's
24 goals.

25 (4) The institution maintains a withdrawal policy and provides
26 refunds.

27 (5) The directors, administrators, and faculty are properly
28 qualified.

29 (6) The institution is financially sound and capable of fulfilling
30 its commitments to students.

31 (7) That, upon satisfactory completion of an educational
32 program, the institution gives students a document signifying the
33 degree or diploma awarded.

34 (8) Adequate records and standard transcripts are maintained
35 and are available to students.

36 (9) The institution is maintained and operated in compliance
37 with this chapter and all other applicable ordinances and laws.

38 (b) Except as provided in Section ~~94855.1~~, *94885.1*, an
39 institution offering a degree must satisfy one of the following
40 requirements:

(i)

(1) Accreditation by an accrediting agency recognized by the United States Department of Education, with the scope of that accreditation covering the offering of at least one degree program by the institution.

(ii)

(2) An accreditation plan, approved by the bureau, for the institution to become fully accredited within five years of the bureau's issuance of a provisional approval to operate to the institution. The provisional approval to operate to an unaccredited degree-offering institution shall be in compliance with Section 94885.5.

SEC. 7. Section 94885.1 of the Education Code is amended to read:

94885.1. (a) An institution that is not accredited by an accrediting agency recognized by the United States Department of Education and offering at least one degree program, and that has obtained an approval to operate from the bureau on or before January 1, 2015, shall be required to satisfy at least one of the following no later than July 1, 2015:

(1) Accreditation by an accrediting agency recognized by the United States Department of Education, with the scope of that accreditation covering the offering of at least one degree program by the institution.

(2) Compliance with subdivision (b).

(b) The bureau shall identify institutions that are subject to subdivision (a) and notify those institutions by February 1, 2015, of the accreditation requirements pursuant to this section and that the institution is required provide the following information to the bureau if the institution plans to continue to offer a degree program after July 1, 2015:

(1) An accreditation plan that, at a minimum, identifies an accrediting agency recognized by the United States Department of Education from which the institution will seek accreditation, with the scope of that accreditation covering the offering of at least one degree program, and outlines the process by which the institution will achieve accreditation candidacy or pre-accreditation by July 1, 2017, and full accreditation by July 1, 2020.

(2) Evidence of having achieved accreditation candidacy or pre-accreditation by July 1, 2017.

1 (3) Evidence of having obtained full accreditation by July 1,
2 2020.

3 (4) Any additional documentation the bureau deems necessary.

4 (c) An institution that satisfies the requirements of subdivision
5 (b) shall comply with all of the following:

6 (1) Notify students seeking to enroll in the institution, in writing,
7 prior to the execution of the student's enrollment agreement, that
8 the institution's approval to offer a degree program is contingent
9 upon the institution being subsequently accredited.

10 (2) A visiting committee, empaneled by the bureau pursuant to
11 Section 94882, shall review the institution by January 1, 2017, and
12 determine if the institution is likely to achieve full accreditation
13 by July 1, 2020. If the visiting committee finds the institution
14 deficient in its accreditation plan, the bureau may prohibit the
15 institution from enrolling new students in its degree program or
16 programs, and require the execution of a teach-out plan for its
17 enrolled students.

18 (d) (1) *The bureau may, upon the submission of sufficient*
19 *evidence that an unaccredited institution is making strong progress*
20 *toward obtaining accreditation, grant an institution's request for*
21 *an extension of time, not to exceed two years, to obtain*
22 *pre-accreditation, accreditation candidacy, or accreditation.*

23 (2) *Evidence submitted to the bureau pursuant to paragraph*
24 *(1) shall include, but is not limited to, an amended accreditation*
25 *plan identifying why pre-accreditation, accreditation candidacy,*
26 *or accreditation outlined in the original plan submitted to the*
27 *bureau was not achieved, steps the institution is taking to comply*
28 *with this section, and documentation from an accrediting agency*
29 *demonstrating the institution's ability to achieve pre-accreditation,*
30 *accreditation candidacy, or accreditation.*

31 ~~(d)~~

32 (e) Any institution that fails to comply with the requirements
33 of this section by the dates provided, as required, shall have its
34 approval to operate automatically suspended on the applicable
35 date. The bureau shall issue an order suspending the institution
36 and that suspension shall not be lifted until the institution complies
37 with the requirements of this section. A suspended institution shall
38 not enroll new students in any of its degree programs, and shall
39 execute a teach-out plan for its enrolled students.

40 ~~(e)~~

(f) The bureau shall adopt emergency regulations for purposes of implementing this section. The adoption of these regulations shall be deemed to be an emergency and necessary for the immediate preservation of the public peace, health and safety, or general welfare for purposes of Sections 11346.1 and 11349.6 of the Government Code. These emergency regulations shall become law through the regular rulemaking process within one year of the enactment of this section.

(f)

(g) This section shall remain in effect until January 1, 2021, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2021, deletes or extends that date.

SEC. 8. Section 94885.5 of the Education Code is amended to read:

94885.5. (a) If an institution that has not been accredited by an accrediting agency recognized by the United States Department of Education seeks to offer one or more degree programs, the institution shall satisfy the following requirements in order to be issued a provisional approval to operate from the bureau:

(1) The institution may not offer more than two degree programs during the term of its provisional approval to operate.

(2) The institution shall submit an accreditation plan, approved by the bureau, for the institution to become fully accredited within five years of issuance of its provisional approval to operate. The plan shall include, at a minimum, identification of an accreditation agency recognized by the United States Department of Education, from which the institution plans to seek accreditation, and outline the process by which the institution will achieve accreditation candidacy or pre-accreditation within two years, and full accreditation within five years, of issuance of its provisional approval.

(3) The institution shall submit to the bureau all additional documentation the bureau deems necessary to determine if the institution will become fully accredited within five years of issuance of its provisional approval to operate.

(b) If an institution is granted a provisional approval to operate pursuant to subdivision (a), the following is required:

(1) Students seeking to enroll in that institution shall be notified in writing by the institution, prior to the execution of the student's

1 enrollment agreement, that the institution's approval to operate is
2 contingent upon it being subsequently accredited.

3 (2) Within the first two years of issuance of the provisional
4 approval, a visiting committee, empaneled by the bureau pursuant
5 to Section 94882, shall review the institution's application for
6 approval and its accreditation plan, and make a recommendation
7 to the bureau regarding the institution's progress to achieving full
8 accreditation.

9 (3) The institution shall provide evidence of accreditation
10 candidacy or pre-accreditation within two years of issuance of its
11 provisional approval, and evidence of accreditation within five
12 years of issuance of its provisional approval, with the scope of that
13 accreditation covering the offering of at least one degree program.

14 (c) An institution required to comply with this section that fails
15 to do so by the dates provided, as required, shall have its
16 provisional approval to operate automatically suspended on the
17 applicable date. The bureau shall issue an order suspending the
18 institution and that suspension shall not be lifted until the institution
19 complies with the requirements of this section. A suspended
20 institution shall not enroll new students in any of its degree
21 programs and shall execute a teach-out plan for its enrolled
22 students.

23 *(d) The bureau may grant an institution's request for an*
24 *extension of time, not to exceed two years, to obtain*
25 *pre-accreditation, accreditation candidacy, or accreditation*
26 *pursuant to the requirements outlined in subdivision (d) of Section*
27 *94885.1.*

28 ~~(d)~~

29 (e) An institution issued a provisional approval under this section
30 is required to comply with all other laws and regulations.

31 ~~(e)~~

32 (f) The bureau shall adopt emergency regulations for purposes
33 of implementing this section. The adoption of these regulations
34 shall be deemed to be an emergency and necessary for the
35 immediate preservation of the public peace, health and safety, or
36 general welfare for purposes of Sections 11346.1 and 11349.6 of
37 the Government Code. These emergency regulations shall become
38 law through the regular rulemaking process within one year of the
39 enactment of this section.

1 *SEC. 9. Section 94899 of the Education Code is amended to*
2 *read:*

3 94899. If an institution offers an educational program in a
4 profession, occupation, trade, or career field that requires ~~licensure~~
5 ~~in this state~~, *licensure, including required certification or*
6 *registration, in this state*, the institution shall have an educational
7 program approval from the appropriate ~~state licensing~~ *licensing,*
8 *certifying, or registration* agency to conduct that educational
9 program in order that a student who completes the educational
10 program, except as provided in Section 94905, is eligible to sit for
11 any required ~~licensure examination~~. *examination or meet the*
12 *requirements for certification or registration.*

13 *SEC. 10. Section 94905 of the Education Code is amended to*
14 *read:*

15 94905. (a) During the enrollment process, an institution
16 offering educational programs designed to lead to positions in a
17 profession, occupation, trade, or career field requiring ~~licensure~~
18 *licensure, including required certification or registration*, in this
19 state shall exercise reasonable care to determine if the student will
20 not be eligible to obtain ~~licensure~~ *licensure, including required*
21 *certification or registration*, in the profession, occupation, trade,
22 or career field at the time of the student's graduation and shall
23 provide all students enrolled in those programs with a written copy
24 of the requirements for ~~licensure~~ *licensure, including required*
25 *certification or registration*, established by the state, including
26 any applicable course requirements established by the state. *An*
27 *institution shall provide all students enrolled in these educational*
28 *programs with information about voluntary certification or*
29 *registration being the preferred industry practice.* If the minimum
30 course requirements of the institution exceed the minimum
31 requirements for ~~state licensure~~, *licensure, as defined in Section*
32 94848, the institution shall disclose this information, including a
33 list of those courses that are not required for ~~state licensure~~.
34 *licensure, as defined in Section 94848.* The institution shall not
35 execute an enrollment agreement with a student that is known to
36 be ineligible for *licensure, as defined in Section 94848*, unless the
37 student's stated objective is other than ~~licensure~~. *licensure, as*
38 *defined in Section 94848.*

39 (b) During the enrollment process, an institution may discuss
40 internships and student jobs available to the student during the

1 student's attendance at the institution. If the institution discusses
2 internships and student jobs, the institution shall disclose the
3 number of requests for internship and student job placement
4 assistance received by the institution during the immediately
5 preceding calendar year and the number of actual placements
6 during that year.

7 *SEC. 11. Section 94909 of the Education Code is amended to*
8 *read:*

9 94909. (a) Except as provided in subdivision (d), prior to
10 enrollment, an institution shall provide a prospective student, either
11 in writing or electronically, with a school catalog containing, at a
12 minimum, all of the following:

13 (1) The name, address, telephone number, and, if applicable,
14 Internet Web site address of the institution.

15 (2) Except as specified in Article 2 (commencing with Section
16 94802), a statement that the institution is a private institution and
17 that it is approved to operate by the bureau.

18 (3) The following statements:

19 (A) "Any questions a student may have regarding this catalog
20 that have not been satisfactorily answered by the institution may
21 be directed to the Bureau for Private Postsecondary Education at
22 (address), Sacramento, CA (ZIP Code), (Internet Web site address),
23 (telephone and fax numbers)."

24 (B) "As a prospective student, you are encouraged to review
25 this catalog prior to signing an enrollment agreement. You are also
26 encouraged to review the School Performance Fact Sheet, which
27 must be provided to you prior to signing an enrollment agreement."

28 (C) "A student or any member of the public may file a complaint
29 about this institution with the Bureau for Private Postsecondary
30 Education by calling (toll-free telephone number) or by completing
31 a complaint form, which can be obtained on the bureau's Internet
32 Web site (Internet Web site address)."

33 (4) The address or addresses where class sessions will be held.

34 (5) A description of the programs offered and a description of
35 the instruction provided in each of the courses offered by the
36 institution, the requirements for completion of each program,
37 including required courses, any final tests or examinations, any
38 required internships or externships, and the total number of credit
39 hours, clock hours, or other increments required for completion.

1 (6) If the educational program is designed to lead to positions
2 in a profession, occupation, trade, or career field requiring licensure
3 in this state, a notice to that effect and a list of the requirements
4 for eligibility for licensure.

5 (7) Information regarding the faculty and their qualifications.

6 (8) A detailed description of institutional policies in the
7 following areas:

8 (A) Admissions policies, including the institution's policies
9 regarding the acceptance of credits earned at other institutions or
10 through challenge examinations and achievement tests, admissions
11 requirements for ability-to-benefit students, and a list describing
12 any transfer or articulation agreements between the institution and
13 any other college or university that provides for the transfer of
14 credits earned in the program of instruction. If the institution has
15 not entered into an articulation or transfer agreement with any
16 other college or university, the institution shall disclose that fact.

17 (B) Cancellation, withdrawal, and refund policies, including an
18 explanation that the student has the right to cancel the enrollment
19 agreement and obtain a refund of charges paid through attendance
20 at the first class session, or the seventh day after enrollment,
21 whichever is later. The text shall also include a description of the
22 procedures that a student is required to follow to cancel the
23 enrollment agreement or withdraw from the institution and obtain
24 a refund consistent with the requirements of Article 13
25 (commencing with Section 94919).

26 (C) Probation and dismissal policies.

27 (D) Attendance policies.

28 (E) Leave-of-absence policies.

29 (9) The schedule of total charges for a period of attendance and
30 an estimated schedule of total charges for the entire educational
31 program.

32 (10) A statement reporting whether the institution participates
33 in federal and state financial aid programs, and if so, all consumer
34 information that is required to be disclosed to the student pursuant
35 to the applicable federal and state financial aid programs.

36 (11) A statement specifying that, if a student obtains a loan to
37 pay for an educational program, the student will have the
38 responsibility to repay the full amount of the loan plus interest,
39 less the amount of any refund, and that, if the student has received
40 federal student financial aid funds, the student is entitled to a refund

1 of the moneys not paid from federal student financial aid program
2 funds.

3 (12) A statement specifying whether the institution has a pending
4 petition in bankruptcy, is operating as a debtor in possession, has
5 filed a petition within the preceding five years, or has had a petition
6 in bankruptcy filed against it within the preceding five years that
7 resulted in reorganization under Chapter 11 of the United States
8 Bankruptcy Code (11 U.S.C. Sec. 1101 et seq.).

9 (13) If the institution provides placement services, a description
10 of the nature and extent of the placement services.

11 (14) A description of the student's rights and responsibilities
12 with respect to the Student Tuition Recovery Fund. This statement
13 shall specify that it is a state requirement that a student who pays
14 his or her tuition is required to pay a state-imposed assessment for
15 the Student Tuition Recovery Fund. This statement shall also
16 describe the purpose and operation of the Student Tuition Recovery
17 Fund and the requirements for filing a claim against the Student
18 Tuition Recovery Fund.

19 (15) The following statement:

20
21 "NOTICE CONCERNING TRANSFERABILITY OF
22 CREDITS AND CREDENTIALS EARNED AT OUR
23 INSTITUTION

24 The transferability of credits you earn at (name of institution)
25 is at the complete discretion of an institution to which you
26 may seek to transfer. Acceptance of the (degree, diploma, or
27 certificate) you earn in (name of educational program) is also
28 at the complete discretion of the institution to which you may
29 seek to transfer. If the (credits or degree, diploma, or
30 certificate) that you earn at this institution are not accepted at
31 the institution to which you seek to transfer, you may be
32 required to repeat some or all of your coursework at that
33 institution. For this reason you should make certain that your
34 attendance at this institution will meet your educational goals.
35 This may include contacting an institution to which you may
36 seek to transfer after attending (name of institution) to
37 determine if your (credits or degree, diploma, or certificate)
38 will transfer."
39

1 (16) A statement specifying whether the institution, or any of
2 its degree programs, are accredited by an accrediting agency
3 recognized by the United States Department of Education. If the
4 institution is unaccredited and offers an associate, baccalaureate,
5 master's, or doctoral degree, or is accredited and offers an
6 unaccredited program for an associate, baccalaureate, master's, or
7 doctoral degree, the statement shall disclose the known limitations
8 of the degree program, including, but not limited to, all of the
9 following:

10 (A) Whether a graduate of the degree program will be eligible
11 to sit for the applicable licensure exam in California and other
12 ~~states~~; *states or become certified or registered as required for the*
13 *applicable profession, occupation, trade, or career field in*
14 *California.*

15 (B) A degree program that is unaccredited or a degree from an
16 unaccredited institution is not recognized for some employment
17 positions, including, but not limited to, positions with the State of
18 California.

19 (C) That a student enrolled in an unaccredited institution is not
20 eligible for federal financial aid programs.

21 (b) If the institution has a general student brochure, the
22 institution shall provide that brochure to the prospective student
23 prior to enrollment. In addition, if the institution has a
24 program-specific student brochure for the program in which the
25 prospective student seeks to enroll, the institution shall provide
26 the program-specific student brochure to the prospective student
27 prior to enrollment.

28 (c) An institution shall provide the school catalog to any person
29 upon request. In addition, if the institution has student brochures,
30 the institution shall disclose the requested brochures to any
31 interested person upon request.

32 (d) An accredited institution is not required to provide a School
33 Performance Fact Sheet to a prospective student who is not a
34 California resident, not residing in California at the time of his or
35 her enrollment, and enrolling in an accredited distance learning
36 degree program offered by the institution, if the institution complies
37 with all federal laws, the applicable laws of the state where the
38 student is located, and other appropriate laws, including, but not
39 limited to, consumer protection and student disclosure
40 requirements.

1 *SEC. 12. The heading of Article 14 (commencing with Section*
2 *94923) of Chapter 8 of Part 59 of Division 10 of Title 3 of the*
3 *Education Code is amended to read:*

4
5 Article 14. ~~Student Tuition Recovery Fund~~ *Office of Student*
6 *Assistance and Relief*
7

8 *SEC. 13. Section 94922.5 is added, immediately preceding*
9 *Section 94923, to the Education Code, to read:*

10 94922.5. (a) *The Office of Student Assistance and Relief is*
11 *hereby established in order to promote the success of students*
12 *attending private postsecondary educational institutions.*

13 (b) *Duties of the office include, but are not limited to, providing*
14 *assistance to private postsecondary students, conducting proactive*
15 *outreach to these students, administering the Student Tuition*
16 *Recovery Fund, and overseeing the registration of institutions*
17 *pursuant to Section 94952. The office shall serve as a primary*
18 *point of contact to address the needs of private postsecondary*
19 *education students.*

20 (c) *The office shall establish and maintain an Internet Web site*
21 *to provide information to private postsecondary students about*
22 *their rights and protections available to them. The office shall*
23 *provide information on its Internet Web site about free services*
24 *available to private postsecondary students offered by local*
25 *nonprofit community service organizations with demonstrated*
26 *experience in assisting students in areas including, but not limited*
27 *to, legal services and student loan matters. Each local nonprofit*
28 *community service organization shall be a 501(c)(3) tax-exempt*
29 *organization in good standing with the Internal Revenue Service*
30 *and in compliance with all applicable laws and requirements.*

31 (d) *The office shall work, in consultation with state and federal*
32 *agencies, including, but not limited to, the Student Aid Commission,*
33 *the Office of the Chancellor of the California Community Colleges,*
34 *the Department of Veterans Affairs, the federal Consumer*
35 *Financial Protection Bureau, and the United States Department*
36 *of Education, to determine the extent of options and resources*
37 *available to private postsecondary students and criteria that*
38 *indicates what additional steps state agencies need to take to*
39 *ensure the protection of the public from the closure of a private*
40 *postsecondary educational institution.*

1 *SEC. 14. Section 94923 of the Education Code is amended to*
2 *read:*

3 94923. (a) The Student Tuition Recovery Fund relieves or
4 mitigates economic loss suffered by a student while enrolled in an
5 educational program, as defined in Section 94837, at an institution
6 not exempt from this article pursuant to Article 4 (commencing
7 with Section 94874), who, at the time of his or her enrollment,
8 was a California resident or was enrolled in a California residency
9 program, prepaid tuition, and suffered economic loss.

10 (b) ~~The bureau shall adopt by regulation procedures governing~~
11 ~~the administration and maintenance of the Student Tuition~~
12 ~~Recovery Fund, including requirements relating to assessments~~
13 ~~on students and student claims against the Student Tuition~~
14 ~~Recovery Fund. The regulations~~ *Fund* shall provide for awards to
15 students who suffer economic loss.

16 The regulations shall ensure that the following students, and any
17 other students deemed appropriate, are eligible for payment from
18 the Student Tuition Recovery Fund:

19 (1) Any student who was enrolled at an institution, at a location
20 of the institution, or in an educational program offered by the
21 institution, at the time that institution, location, or program was
22 closed or discontinued, as applicable, who did not choose to
23 participate in a teach-out plan approved by the bureau or did not
24 complete a chosen teach-out plan approved by the bureau.

25 (2) Any student who was enrolled at an institution or a location
26 of the institution within the 120-day period before the closure of
27 the institution or location of the institution, or who was enrolled
28 in an educational program within the 120-day period before the
29 program was discontinued, if the bureau determines there was a
30 significant decline in the quality or value of that educational
31 program during that time period.

32 (3) Any student who was enrolled at an institution or a location
33 of the institution more than 120 days before the closure of the
34 institution or location of the institution, in an educational program
35 offered by the institution as to which the bureau determines there
36 was a significant decline in the quality or value of the program
37 more than 120 days before closure.

38 (4) *A student who was enrolled at a California campus of a*
39 ~~Corinthian Colleges, Inc., institution or was a California student~~
40 ~~enrolled in an online program offered by an out-of-state campus~~

1 of a Corinthian Colleges, Inc., institution, who also meets all of
2 the other eligibility requirements, if the student was enrolled as
3 of June 20, 2014, or withdrew within 120 days of that date or any
4 greater period determined by the bureau pursuant to this section.

5 ~~(4)~~

6 (5) A student to whom an institution has been ordered to pay a
7 refund by the bureau but has failed to do so.

8 ~~(5)~~

9 (6) A student to whom an institution has failed to pay or
10 reimburse loan proceeds under a federal student loan program as
11 required by law, or has failed to pay or reimburse proceeds received
12 by the institution in excess of tuition and other costs.

13 ~~(6)~~

14 (7) A student who has been awarded restitution, a refund, or
15 other monetary award by an arbitrator or court, based on a violation
16 of this chapter by an institution or representative of an institution,
17 but who has been unable to collect the award from the institution.
18 The bureau shall review the award or judgment and shall ensure
19 the amount to be paid from the fund does not exceed the student's
20 economic loss.

21 (c) Any student who is required to pay a Student Tuition
22 Recovery Fund assessment who pays tuition equal to or greater
23 than the required assessment shall be deemed to have paid the
24 required assessment, whether or not his or her enrollment
25 agreement specifies collection of the required assessment, and
26 whether or not the institution identifies any money collected from
27 the student as a Student Tuition Recovery Fund assessment.

28 ~~(d) The bureau shall establish regulations ensuring, as~~
29 ~~permissible under California law, that a~~ A student who suffers
30 educational opportunity losses, whose charges are paid by a
31 third-party payer, is eligible for educational credits under the fund.

32 (e) The bureau may seek repayment to the Student Tuition
33 Recovery Fund from an institution found in violation of the law
34 for which a student claim was paid. An institution shall not be
35 eligible to renew its approval to operate with the bureau if the
36 repayment is not made to the bureau as requested.

37 ~~(f) The bureau shall, by regulation, define "economic loss." The~~
38 ~~regulation shall ensure that the definition of~~ For purposes of this
39 section, "economic loss" includes, but is not necessarily limited
40 to, pecuniary loss, which is the sum of the student's tuition, all

1 other institutional charges as defined in Section 94844, the cost of
2 equipment and materials required for the educational program as
3 defined in Section 94837, interest on any student loan used to pay
4 for such charges, collection costs, penalties, and any license or
5 examination fees the student paid to the institution but is unable
6 to recover. Economic loss shall also include the amount the
7 institution collected and failed to pay to third parties on behalf of
8 the student for license fees or any other purpose. Economic loss
9 does not include Student Tuition Recovery Fund assessments,
10 unless the student is entitled to a full refund under Section 94919
11 or 94920, room and board, supplies, transportation, application
12 fees, or nonpecuniary damages such as inconvenience, aggravation,
13 emotional distress, or punitive damages. Economic loss does not
14 include legal fees, attorney fees, court costs, or arbitration fees.
15 Nothing in this subdivision shall prevent the bureau from further
16 defining economic loss to include loss of educational opportunity.

17 *SEC. 15. Section 94923.5 is added to the Education Code, to*
18 *read:*

19 *94923.5. It is the intent of the Legislature to require, to the*
20 *extent authorized by federal law, a private postsecondary*
21 *educational institution that does not maintain a physical presence*
22 *in California and offers distance education to California students*
23 *to file a surety bond for the benefit of its California students who*
24 *suffer economic loss.*

25 *SEC. 16. Section 94935.5 is added to the Education Code, to*
26 *read:*

27 *94935.5. (a) Bureau staff who, during an inspection of an*
28 *institution, detect a violation of this chapter, or regulations adopted*
29 *pursuant to this chapter, that is not a minor violation, may issue*
30 *the institution a citation before leaving the institution.*

31 *(b) The citation may contain either or both of the following:*

32 *(1) An order of abatement that may require an institution to*
33 *demonstrate how future compliance with this chapter, or*
34 *regulations adopted pursuant to this chapter, will be accomplished.*

35 *(2) Notwithstanding Section 125.9 of the Business and*
36 *Professions Code, an administrative fine not to exceed five*
37 *thousand dollars (\$5,000) for each violation. Assessment of the*
38 *administrative fine shall be based on all of the following*
39 *considerations:*

40 *(A) The nature and seriousness of the violation.*

- 1 (B) *The persistence of the violation.*
- 2 (C) *The good faith of the institution.*
- 3 (D) *The history of previous violations.*
- 4 (E) *The purposes of this chapter.*
- 5 (F) *The potential harm to students.*

6 (c) (1) *The citation shall be in writing and describe the nature*
7 *of the violation and the specific provision of this chapter, or*
8 *regulation adopted pursuant to this chapter, that is alleged to have*
9 *been violated.*

10 (2) *The citation shall inform the institution of its right to request,*
11 *in writing, a hearing within 30 days of the issuance of the citation.*

12 (3) *If a hearing is requested, the bureau shall select an informal*
13 *hearing pursuant to Article 10 (commencing with Section*
14 *11445.10) of Chapter 4.5 of Part 1 of Division 3 of Title 2 of the*
15 *Government Code or a formal hearing pursuant to Chapter 5*
16 *(commencing with Section 11500) of Part 1 of Division 3 of Title*
17 *2 of the Government Code.*

18 (4) *If a hearing is not requested, payment of the administrative*
19 *fine is due 30 days from the date of service and shall not constitute*
20 *an admission of the violation charged.*

21 (5) *If a hearing is conducted and payment of an administrative*
22 *fine is ordered, the administrative fine is due 30 days from when*
23 *the final order is entered.*

24 (6) *The bureau may enforce the administrative fine as if it were*
25 *a money judgment pursuant to Title 9 (commencing with Section*
26 *680.010) of Part 2 of the Code of Civil Procedure.*

27 (d) *All administrative fines shall be deposited in the Private*
28 *Postsecondary Education Administration Fund.*

29 SEC. 17. *Section 94944 of the Education Code is amended to*
30 *read:*

31 94944. Notwithstanding any other provision of law, the bureau
32 shall cite any person, and that person shall be subject to a fine not
33 to exceed ~~fifty thousand dollars (\$50,000)~~, *one hundred thousand*
34 *dollars (\$100,000)*, for operating an institution without proper
35 approval to operate issued by the bureau pursuant to this chapter.

36 SEC. 18. *Article 20.5 (commencing with Section 94949.5) is*
37 *added to Chapter 8 of Part 59 of Division 10 of Title 3 of the*
38 *Education Code, to read:*

Article 20.5. Enforcement Monitor

94949.5. (a) (1) The director shall appoint an enforcement monitor no later than March 1, 2017. The director may retain a person for this position by a personal services contract. In this connection, the Legislature finds, pursuant to Section 19130 of the Government Code, that this is a new state function.

(2) The director shall supervise the enforcement monitor and may terminate or dismiss him or her from this position. If the monitor is terminated or dismissed, the director shall appoint a replacement monitor within two months.

(3) The monitoring duty of the enforcement monitor shall be on a continuing basis for a period of no more than two years from the date of the initial enforcement monitor's appointment.

(b) The enforcement monitor shall monitor and evaluate the bureau's enforcement efforts, with specific concentration on the adequacy of bureau compliance inspections, handling and processing of student complaints, and timely application of sanctions or discipline imposed on institutions and persons in order to protect the public.

(c) The enforcement monitor shall exercise no authority over the bureau's management or staff; however, the bureau and its staff shall cooperate with the monitor and shall provide data, information, and files as requested by the monitor to perform all of his or her duties.

(d) The director shall assist the enforcement monitor in the performance of his or her duties, and the monitor shall have the same investigative authority as the director.

(e) The director shall specify additional duties of the enforcement monitor.

(f) (1) The enforcement monitor shall submit to the department and the Legislature, in compliance with Section 9795 of the Government Code, an initial written report of his or her findings and conclusions no later than July 1, 2018, and a subsequent written report no later than November 1, 2018. The enforcement monitor shall be available to make oral reports to the department or the Legislature if requested to do so. The monitor may also provide additional information to either the department or the Legislature at his or her discretion or at the request of either the

1 department or the Legislature. The monitor shall make his or her
2 reports available to the public or the media. The monitor shall
3 make every effort to provide the bureau with an opportunity to
4 reply to any facts, findings, issues, or conclusions made in his or
5 her reports to the department or the Legislature with which the
6 bureau may disagree.

7 (2) The enforcement monitor shall issue a final written report
8 before January 1, 2019. The final report shall include final findings
9 and conclusions on the topics addressed in the initial report
10 submitted by the monitor pursuant to paragraph (1).

11 (g) The bureau shall pay for all of the costs associated with the
12 employment of the enforcement monitor.

13 94949.6. This article shall remain in effect only until March
14 1, 2019, and as of that date is repealed, unless a later enacted
15 statute, that is enacted before March 1, 2019, deletes or extends
16 that date.

17 SEC. 19. Chapter 8.1 (commencing with Section 94952) is
18 added to Part 59 of Division 10 of Title 3 of the Education Code,
19 to read:

20
21 *CHAPTER 8.1. PRIVATE POSTSECONDARY EDUCATION OFFERED*
22 *THROUGH DISTANCE LEARNING*
23

24 94952. To the extent authorized by federal law, a private
25 postsecondary educational institution that does not maintain a
26 physical presence in California and offers distance education to
27 California students shall register with the bureau and file a surety
28 bond in compliance with Section 94923.5.

29 SECTION 1. ~~Section 94885 of the Education Code is amended~~
30 ~~to read:~~

31 ~~94885. (a) The bureau shall adopt by regulation minimum~~
32 ~~operating standards for an institution that shall reasonably ensure~~
33 ~~that all of the following occur:~~

34 ~~(1) The content of each educational program can achieve its~~
35 ~~stated objective.~~

36 ~~(2) The institution maintains specific written standards for~~
37 ~~student admissions for each educational program and those~~
38 ~~standards are related to the particular educational program.~~

1 ~~(3) The facilities, instructional equipment, and materials are~~
2 ~~sufficient to enable students to achieve the educational program's~~
3 ~~goals.~~

4 ~~(4) The institution maintains a withdrawal policy and provides~~
5 ~~refunds.~~

6 ~~(5) The directors, administrators, and faculty are properly~~
7 ~~qualified.~~

8 ~~(6) The institution is financially sound and capable of fulfilling~~
9 ~~its commitments to students.~~

10 ~~(7) That, upon satisfactory completion of an educational~~
11 ~~program, the institution gives students a document signifying the~~
12 ~~degree or diploma awarded.~~

13 ~~(8) Adequate records and standard transcripts are maintained~~
14 ~~and are available to students.~~

15 ~~(9) The institution is maintained and operated in compliance~~
16 ~~with this chapter and all other applicable ordinances and laws.~~

17 ~~(b) Except as provided in Section 94885.1, an institution offering~~
18 ~~a degree must satisfy one of the following requirements:~~

19 ~~(1) Accreditation by an accrediting agency recognized by the~~
20 ~~United States Department of Education, with the scope of that~~
21 ~~accreditation covering the offering of at least one degree program~~
22 ~~by the institution.~~

23 ~~(2) An accreditation plan, approved by the bureau, for the~~
24 ~~institution to become fully accredited within five years of the~~
25 ~~bureau's issuance of a provisional approval to operate to the~~
26 ~~institution. The provisional approval to operate to an unaccredited~~
27 ~~degree-offering institution shall be in compliance with Section~~
28 ~~94885.5.~~